

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 23, 2008
POSITION: Neutral
SPONSOR: City of Vallejo

BILL NUMBER: SB 1093
AUTHOR: P. Wiggins

BILL SUMMARY: San Francisco Water Emergency Transportation Authority

This bill clarifies the transition of public transportation ferries and related services and facilities to the San Francisco Bay Area Water Emergency Transportation Agency (WETA) and extends the date by which it must create and adopt a transition plan from January 1, 2009, to July 1, 2009.

FISCAL SUMMARY

The WETA currently receives approximately \$3 million per year primarily from a share of the Bay Area Toll Authority toll bridge revenues. The WETA reports that the City of Alameda and the City of Vallejo receive approximately \$1 million and \$3.5 million from toll revenues, respectively. This bill provides that the toll revenues historically made available to the City of Alameda and the City of Vallejo continue to be allocated to the cities until a transition plan is adopted by the WETA. After a transition plan is adopted, the WETA would receive the local funding to operate ferry services at current service levels.

This bill could result in a state mandate by requiring that the WETA create and adopt a transition plan, conduct public hearings, and complete various public notice requirements. However, Finance notes that the mandates imposed on the WETA would not be reimbursable because the WETA has the authority to raise revenues through increases in fares and fees for services related to the water transportation system.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 21, 2008 version change our position from Neutral, suggest amendments, to Neutral. The previous version included mandate language referencing the creation or changing of a crime, which has been removed. The Legislative Counsel has added language to indicate that no reimbursement is required by this bill because the local agency has the authority to levy service charges, fees, or assessments sufficient to pay for the level of service mandated by this act. These amendments include the following changes:

- Clarify that toll revenues historically made available to the cities of Alameda and Vallejo continue to be allocated to the cities until the adoption of a transition plan.
- Allow the WETA to accept leasehold interests in ferries and ferry-related facilities.
- Prohibit a public agency rather than a local jurisdiction from having more than one representative on the WETA board.
- Authorize the WETA board to appoint a Chief Financial Officer rather than an auditor.
- Remove the requirement that if a ferry terminal collects at least 40 percent of the total receipts under the control of the WETA, the city or public agency where that terminal is located shall have a representative on the board.
- Include the City of Alameda in the same provisions provided to the City of Vallejo with respect to proposed changes in service.
- Remove certain public notice requirements but require the WETA to establish a public input process, and requires the WETA to notify a city of proposed changes to ferry services in its jurisdiction within 30 days of a public hearing rather than 60 days.

COMMENTS

Finance has no fiscal or policy concerns with this bill. The author's office reports that this is cleanup legislation to Chapter 734, Statutes of 2007, to clarify the transition of public transportation ferries to the WETA and strengthen provisions related to the planning, management, and operation of the water transportation services provided by the WETA.

Analyst/Principal (0751) M. Tollefson	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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While this bill could create a mandate, the reason that it would not be reimbursable is that the WETA can pay for any associated costs by increasing the fare it charges ferry passengers.

ANALYSIS

A. Programmatic Analysis

Current law consolidates all publicly operated ferry services in the Bay Area and creates the San Francisco Bay Area Water Emergency Transportation Agency (WETA) to plan, manage, operate, and coordinate the emergency activities of all water transportation and transportation related facilities in the San Francisco Bay Area. Current law:

- Requires the WETA to be governed by a board composed of five members, of which three members are appointed by the Governor, one member appointed by the Senate Committee on Rules, and one member appointed by the Speaker of the Assembly.
- Requires the WETA to create and adopt, in cooperation with the Metropolitan Transportation Commission and the State Office of Emergency Services, an emergency water transportation system management plan on or before July 1, 2009.
- Requires the WETA to create and adopt a transition plan on or before January 1, 2009.
- Requires the WETA to provide a copy of the plans to each city and county in the bay area region at least 45 days prior to the plan's adoption.
- Requires the WETA to set fares and schedules for travel on the water transportation system it operates and would authorize the WETA to issue bonds, levy special benefit assessments, and borrow money.

This bill would clarify the transition of public transportation ferries to the WETA and extend the date by which it must create and adopt a transition plan from January 1, 2009, to July 1, 2009. Specifically, this bill:

- Prohibits the WETA from making operational changes to ferry services operated by the cities of Alameda and Vallejo prior to the adoption of a transition plan.
- Specifies that toll revenues historically made available to the cities of Alameda and Vallejo continue to be allocated to the cities until the adoption of a transition plan.
- Requires the transition plan to include a description of the WETA's proposed changes in the operation of existing service, including how the services will be seamlessly integrated to other forms of public transportation.
- Requires the transition plan to include an inventory and description of the ferry and ferry-related capital assets proposed to be transferred from the current service providers to the WETA, specifying those assets for which compensation shall be made subject to an agreement between the WETA and the transferring agency.
- Requires the transition plan to include an estimate of the costs to continue existing ferry services, a description of available revenues and proposed sources of revenues, and an initial five-year Capital Improvement Program detailing how the completion of capital improvements will be financed.
- Requires that the WETA establish a process for taking in public input on proposed rate or schedule changes and conduct a public hearing prior to the adoption of such changes. The WETA must notify the city in which the ferry terminal affected by the proposed change is located at least 30 days prior to the public hearing.
- Requires the WETA to ensure that any proposed changes in ferry services currently provided by the City of Vallejo and the City of Alameda are consistent with that city's general plan, redevelopment plan, and its development and disposition agreements for projects related to water transportation services.

Discussion: The author's office reports that this is cleanup legislation to Chapter 734, Statutes of 2007, to clarify the transition of public transportation ferries to the WETA and strengthen provisions related to the planning, management, and operation of the water transportation services provided by the WETA. Current law provides no process for a city to receive fair and equitable compensation for assets related to current ferry operations to be acquired by the WETA. This bill protects a city's investment in ferries and ferry-related assets by requiring that the transition plan identify those assets for which compensation shall be made subject to an agreement between the WETA and the transferring agency. In addition, this bill provides for a public input process for any changes in ferry schedules or fares.

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Chapter 734, Statutes of 2007, of which this bill intends to revise, imposed a potential reimbursable state mandate by requiring local agencies to come to an agreement on the transfer of assets through the WETA's transition plan and provide an orderly transfer of those assets. The City of Vallejo has submitted a test claim in the amount of \$166.8 million, asking the Commission on State Mandates (Commission) to determine whether specified costs under Chapter 734, Statutes of 2007, are reimbursable state mandated costs. Finance believes that the test claim legislation does not impose a reimbursable state mandate because the majority of declared costs associated with the test claim are related to the loss of capital assets and are not the result of a new program or higher level of service required of the claimant. No staff costs related to the transfer of assets had been incurred at the time of the test claim filing. The Commission has yet to make a determination on this claim.

B. Fiscal Analysis

The WETA currently receives approximately \$3 million per year primarily from a share of the Bay Area Toll Authority (BATA) toll bridge revenues. The WETA reports that the City of Alameda and the City of Vallejo receive approximately \$1 million and \$3.5 million from toll revenues, respectively. This bill provides that the funds historically made to the City of Alameda and the City of Vallejo continue to be allocated to the cities until a transition plan is adopted by the WETA. After a transition plan is adopted, the WETA would receive the local funding to operate ferry services at current service levels.

This bill could result in a state mandate by requiring that the WETA create and adopt a transition plan, conduct public hearings, and complete various public notice requirements. However, Finance notes that the mandates imposed on the WETA would not be reimbursable because the WETA has the authority to raise revenues through increases in fares and fees for services related to the water transportation system.

The WETA receives portions of BATA Regional Measure 1 toll revenues, which were dedicated to transit services serving bridge corridors as well as bicycle, pedestrian, and water transit system uses. The WETA also receives a portion of project-specific Regional Measure 2 funds.

	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
2660/Caltrans	SO	No	----- See Fiscal Summary -----						0046
<u>Fund Code</u>	<u>Title</u>								
0046	Public Transportation Account, STF								